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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE POULTRY AND EGG SITUATION

Summary

The Bureau of Agricultural Economics reports the following as important among the month's developments in the poultry and egg situation: (1) the growing evidence of a reduction in the 1937 hatch from that of 1936, for which a feed situation unfavorable to the poultryman is largely responsible; (2) the greater than usual seasonal decline in the size of the farm laying flock, also due to the feed situation; and (3) the less than usual seasonal decline in the farm price of eggs - attributed in part to the Agricultural Adjustment Administration egg purchasing program - which gives promise that spring prices will be no lower than in 1936.

The feed-egg ratio in recent months has averaged 40 percent above the level of a year earlier, from which it has been estimated that the total hatch (farm and commercial) is likely to be some 7 to 10 percent less than in 1936. From the standpoint of poultry prices this will probably result both in greater ease in clearing the present large storage holdings and also in smaller poultry marketings next fall. The seasonal decline in poultry prices which usually occurs after May is likely, therefore, to be less than average; or it may not occur at all, as in 1935.

From the standpoint of egg prices, the lighter hatch, together with a more rapid reduction of laying flocks now, points toward fewer egg marketings this fall and in early 1938 than a year before and, hence, to somewhat higher prices if consumer demand is maintained above the 1936 level

The spring level of egg prices for 1937 seems to have been about reached by the end of February. Though there may be some further decline, it is not likely that egg prices will be carried below those of 1936.

Feed situation

The feed situation in February continued to depart from its drought year parallel, 1934-35. High feed prices and seasonally declining egg prices have kept the feed-egg ratio at a high level.

The course of the feed-egg ratio during February is indicated by the weekly ratio at Chicago, which is based upon market prices there rather than upon United States average farm prices as is the monthly ratio.

The feed-egg ratio at Chicago, by weeks, January 2 to February 27, average 1926-35 and 1937

(Dozens of eggs required to buy 100 pounds of poultry ration)

Week ended as of 1937	Jan.2	Jan.9	Jan.16	Jan.23	Jan.30	Feb. 6	Feb.13	Feb.20	Feb.27
	Dozens	Dozens	Dozens	Dozens	Dozens	Dozens	Dozens	Dozens	Dozens
Average 1926-35	4.21	4.23	4.50	4.72	4.92	5.09	5.27	5.61	5.89
1937	6.98	7.76	8.79	9.30	9.03	9.16	9.40	9.26	9.13

The feed-egg ratio normally rises until May or June, more eggs being required to purchase 100 pounds of feed in those months, ordinarily, than at any other time. Since this coincides roughly with the period of heavy production, however, a high feed-egg ratio is not so unfavorable to feeding as it is during the winter when production is low. Though some further rise in the ratio seems likely at this time, it is not expected to be as great as the average seasonal rise, unless new crop prospects are poor, and it may be so little as to be insignificant. The seasonal course of the feed-egg ratio is shown in the monthly table for the United States.

The United States farm feed-egg ratio, by months, average 1910-33, annual 1934-35 to 1936-37

Year	Aug.	Sept	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1910-33	7.17	6.05	4.90	3.95	3.72	4.35	5.59	7.16	7.75	7.91
1934-35	8.12	6.84	6.30	5.18	5.91	6.45	6.29	8.38	8.02	7.38
1935-36	6.19	5.25	4.80	3.81	3.89	4.97	4.86	6.66	6.89	6.50
1936-37	8.21	7.66	6.47	5.41	5.95	8.32				

Chicks and Young Chickens Per Farm Flock on June 1, 1926-37

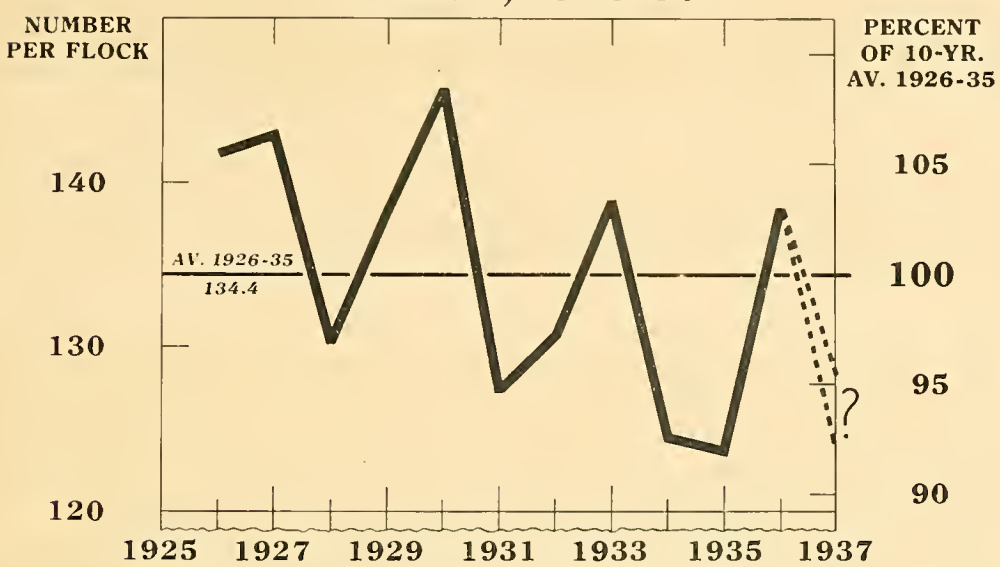

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FIGURE 1.- THE NUMBER OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK ON JUNE 1 IS A MEASURE OF THE TOTAL HATCH. THE DOTTED LINES INDICATE THAT THE 1937 HATCH IS EXPECTED TO BE BETWEEN 7 AND 10 PERCENT LESS THAN IN 1936.

CHANGES IN NUMBERS OF CHICKS AND YOUNG CHICKENS PER FARM FLOCK, JUNE 1, AND CHANGES IN AVERAGE FEED-EGG RATIO IN PREVIOUS OCTOBER-MARCH

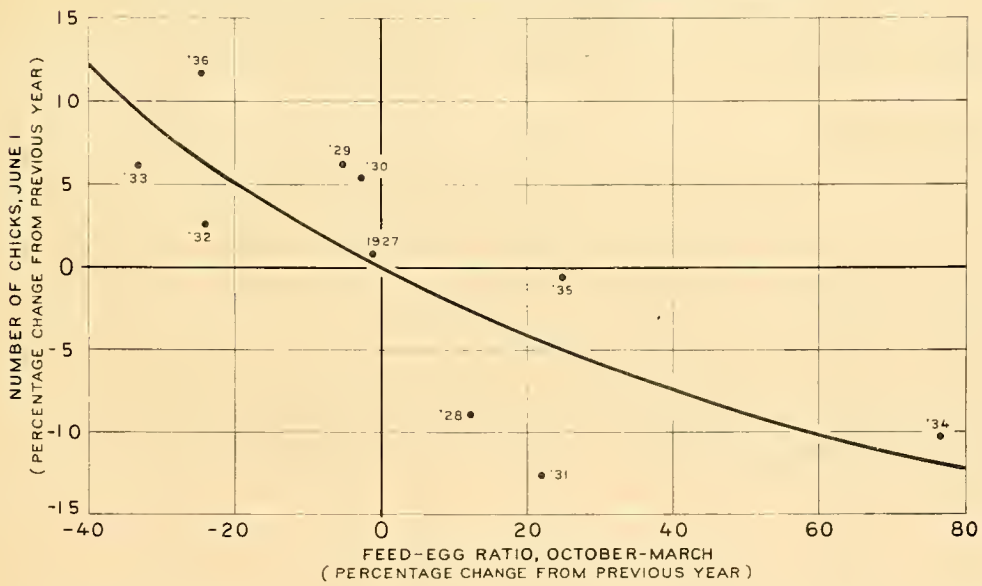

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FIGURE 2.- IN A GENERAL WAY, AN INCREASE IN THE FEED-EGG RATIO HAS BEEN FOLLOWED BY A REDUCTION IN THE HATCH. THE RELATIONSHIP IS NOT PERFECT BECAUSE OF MANY OTHER CIRCUMSTANCES WHICH MAY INTERVENE. THE 1936-37 FEED-EGG RATIO IS ABOUT 40 PERCENT GREATER THAN IN 1935-36.

Hatchings

The 1937 hatch is expected to be less than in 1936 largely because the feed situation is so unfavorable to the poultryman. The exact extent of this reduction cannot, of course, be foreseen now; many circumstances may occur to disturb such predications as may be made.

One basis for estimating the future extent of the hatch is the report of commercial hatcheries. In January this report showed a reduction from 1936 of 24 percent in the number of salable chicks hatched. No estimates are available on changes in farm hatchings.

One of the best measures of what the total hatch, farm and commercial, has been is the number of chicks and young chickens per farm flock on June 1. Figure 1 shows how these numbers have varied since 1926. Note the peak recurring at regular 3-year intervals. The dotted lines indicate the range within which the 1937 hatch is expected to come. The upper line corresponds to a reduction from 1936 of 7 percent; the lower line to one of 10 percent.

The feed-egg ratio just prior to and during the early hatching season greatly affects the size of the hatch. In figure 2 the percentage change from year to year in the October-March feed-egg ratio has been compared with the percentage change in the hatch for the years 1927-36 and the average relationship has been indicated by the heavy line. Thus, with a 40 percent increase in the feed-egg ratio, as seems likely this year, there is a 7 percent decrease in the hatch. The effects of the many other circumstances which influence the hatch keep this relationship from being followed exactly in any one year. Important among these influences in other years is the price of eggs during the period from October through March. Since this price will be about the same in 1936-37 as a year earlier, no effect on the hatch from this source is anticipated.

Poultry marketings

Receipts of dressed poultry in the first half of the year usually decline to a low in April about 46 percent below the January level. A seasonal rise begins in late spring. This year receipts at the four markets in February declined from the January mark a little less than average(1925-34) and were 11.7 percent greater than in February 1936. The less-than-average decline and the excess over 1936 are both likely to continue until mid-spring because of the large storage stocks, which are partially reflected in receipts, and because of larger flocks than in 1936. After mid-spring the seasonal rise is likely to be less than average and receipts are likely to be under those of 1936 because of the probable reduction in the 1937 hatch.

Receipts of dressed poultry at the four markets, January-June, average 1925-34, annual 1935-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	Jan.-June
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average 1925-34	28.5	20.2	17.0	15.4	18.6	21.0	120.7
1935	21.0	15.1	12.6	13.5	14.4	18.3	94.9
1936	19.6	13.7	14.2	14.5	17.9	21.7	101.6
1937	21.3	15.3					

Poultry storage

Storage holdings of poultry decline from a maximum in January - 187 million pounds this year - to a low point sometime during the summer. By July 1 the United States stock is usually between 35 million pounds and 55 million pounds. In years when the summer carry-over stock is large it tends to depress fall poultry prices by weakening the demand to store poultry and by adding to the fall supply.

At 26 major storage centers, stocks were 141 million pounds on January 2 and 122 million pounds on February 27. By July 1 these stocks usually average (1925-34) about 35 million pounds. To keep in line with other years, then, the stock in the 26 markets would have to be reduced by 106 million pounds in the period January through June, if it is not to burden the new crop of poultry. This would be about 74 percent greater than the 1925-34 average out-of-storage movement. The out-movement this February was but 55 percent greater than average. The reduction in storage stocks from January 2 to February 27, however, has been exactly the 1925-34 average percentage (17.9 percent) of a total movement by July 1 of 106 million pounds.

Out-of-storage movement of frozen poultry at 26 markets, average 1925-34, annual 1935-37

Year	Jan.-Feb.	Jan.-June	Jan.-Feb. as percentage of 6 mos. total	Week ending Mar. 6	Mar. 13	Mar. 20	Mar. 27
	Million pounds	Million pounds	Percent	Million pounds	Million pounds	Million pounds	Million pounds
Average 1925-34	10.9	61	17.9	3.5	3.7	4.6	4.7
1935	19.8	67	29.6	4.5	4.5	4.3	3.9
1936	16.2	50	32.4	1.2	2.6	3.0	3.7
		Will this be 106?		Movement needed to clear 106:			
1937	19.0		17.9 (of 106)	6.1	6.4	8.0	8.2

Chicken prices

The seasonal rise in the farm price of chickens is now well under way. From the low point in December the price had risen 7.9 percent by February 15. The average (1921-30) rise in this period is 6.6 percent. December, however, was an exceptionally low month and the rise from January 15 has been less than half of average. The seasonal rise usually reaches a peak in May about 12 percent above the January price - corresponding to a price of 15 cents per pound this year.

Average price per pound received for chickens by farmers in the United States, 15th of the month, 1935-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	12.4	13.4	14.2	15.5	15.7	15.6	15.7	16.0
1936	16.5	16.9	16.6	16.9	16.6	16.4	14.0	12.6
1937	13.4	13.6						
	Average seasonal index (average for the year = 100)							
Average 1921-30	94.9	98.3	100.0	103.9	105.9	105.7	98.5	92.2

In many years this rise is greater or less than 12 percent. While an average rise this year is by no means unlikely, because receipts are below average, (though above 1936) and consumer incomes are higher than in several previous years, the effects of tremendous storage stocks make a somewhat less-than-average rise the more probable occurrence.

In appraising the effects of these stocks on prices it ought to be kept in mind that as evidence of a reduced hatch becomes stronger and more clearly indicative of the extent of this reduction, the price depressing tendency of the storage holdings will be less. With a light hatch a larger share of the late spring and summer poultry consumption must be supplies from storage. This will make it easier to clear stocks for the new season.

If no burdensome storage surplus exists by mid-summer, the lighter hatch in prospect will very likely diminish the extent of the seasonal price decline in the last half of 1937; if consumers' incomes are maintained above those of 1936, the hatch may result in a course of prices similar to that of late 1935.

Index of national income, excluding agriculture, average 1925-34, annual 1935-36

(1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
Average 1925-34	91.0	90.7	90.2	89.7	89.6	89.6	88.6	88.8
1935	73.5	75.5	74.4	72.3	74.4	73.8	74.3	79.9
1936	78.6	78.5	81.6	78.7	82.2	83.3	1/87.3	1/97.2
1937	87.5							

1/ Revised from last month.

Laying flock size

The number of hens and pullets of laying age in farm flocks averaged 4.3 percent more on February 1, 1937, than a year earlier. The size of the laying flock quite regularly declines from a peak in January to a low in September. With the flock size already much below the 1925-34 average, the significant feature of the current situation is that numbers of layers are declining more rapidly than usual. Thus, while numbers on February 1 for the 10 years 1925-34 averaged a third of one percent below those of January 1, this decline in 1937 was 2 percent.

Average number of laying hens in farm flocks, average 1925-34 annual 1935-37

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	Oct. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	87.2	84.7	82.1	77.4	73.4	70.4	81.9
1935	78.3	77.6	75.8	72.9	69.1	65.1	65.1	76.6
1936	80.6	79.1	76.7	74.8	70.5	66.5	66.9	78.8
1937	84.2	82.5						

Rate of egg production

The rate of egg production reported on February 1 was 7 percent greater than it was a year earlier. In January, it will be remembered, it was at a record high level for the month and was 15 percent above the previous January. With weather conditions becoming more nearly normal for this time of the year, the high feed-egg ratio is forcing the rate of egg production down to 1936 levels. It is likely that this effect will continue so that the rate of egg production in the spring months will be near the 1925-34 average for those months.

Eggs laid per 100 hens and pullets of laying age in farm flocks, average 1925-34, annual 1935-37

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	Oct. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	38.4	52.8	55.1	49.5	25.0	13.9
1935	16.9	21.7	37.3	53.9	55.2	50.3	25.9	16.3
1936	19.1	24.0	32.6	54.7	56.5	51.2	25.1	16.0
1937	22.0	25.7						

Egg marketings

Receipts of eggs at the four markets in February were 20 percent below the February 1925-34 average. The lower receipts were due in part to the greater-than-usual reduction in numbers of layers and to the less-than-usual increase in the rate of production. With the rate of production likely to be near average this spring, receipts will tend to move in relation to the number of layers -- that is, below the 1925-34 average but above 1936.

Receipts of eggs at four markets, average 1925-34, annual 1935-37

Year	Jan.	Feb.	Mar.	Jan. - Mar.	Apr. - June
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	842	1,060	1,764	3,666	6,185
1935	684	792	1,415	2,891	5,079
1936	820	734	1,695	3,249	5,571
1937	1,012	849			

Egg storage stocks

Storage stocks of eggs are now at their low point of the year. Relative to other years, however, they are nigh because of the unusual storing in January. If consumers' incomes are maintained above those of 1936, and with production likely to be no greater than the 1925-34 average, the quantity of eggs stored this season, both in the shell and frozen, will probably not exceed the average of 12.2 million cases (shell egg equivalent) and may be but little above the level of 1936 -- 10.6 million cases.

Cold storage holdings of eggs at 26 markets, average 1925-34, annual 1935-37

Week ending as of 1937	Jan. 2	Jan. 30	Feb. 6	Feb. 13	Feb. 20	Feb. 27	Mar. 6	Mar. 13	Mar. 20	Mar. 27
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	787	238	174	123	92	90	153	278	462	709
1935	383	11	5	4	9	31	114	285	534	822
1936	608	109	53	15	7	5	11	56	143	340
1937	554	399	346	305	263	219				

A.A.A. egg purchase program

The Agricultural Adjustment Administration's egg purchasing program, begun January 15, was continued in February. By February 20 some 350,000 cases had been bought. During this period, the purchases amounted to about 60 percent of the excess of receipts in 1937 over 1936, at the three main Eastern markets. The effect of this program upon egg prices cannot, of course, be determined exactly. Nevertheless, in spite of exceptionally heavy marketings in January, prices did not decline by as much as the usual seasonal amount. The basic aim of the program, therefore, has been accomplished.

Egg prices

The farm price of eggs on February 15 is usually about 18 percent less than a month earlier. This year the decline was only 13 percent. It will be remembered, however, that from December 15 to January 15 the decline was greater than usual.

Average price of eggs per dozen, mixed colors, special packed at New York, and the United States farm price, 1935-37

Year and price	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
N. Y. price:								
1935	32.9	31.0	24.1	26.6	27.5	26.9	32.8	32.3
1936	27.9	32.6	23.5	22.8	23.9	25.1	33.5	34.3
1937	26.5	24.3						
U. S. farm price:								
1935	25.0	25.6	18.6	20.0	21.4	21.0	27.9	28.7
1936	22.8	23.8	17.5	16.8	18.1	18.9	27.6	30.5
1937	23.1	20.1						
	Seasonal index of farm prices (average for year = 100)							
1921-30	125.0	102.0	74.4	72.6	73.7	74.2	118.9	151.2

While the decline in egg prices from February 15 to the spring level averages about 28 percent, there has been little decline in late February; any further drop is not expected to carry prices below those of the spring of 1936. In making this evaluation of the situation, four factors ought to be noted. Both receipts and consumer's incomes during this period will probably be near average (1925-34) though above last year, and thereby cause the seasonal decline to be about average. On the other hand, the effect of the relatively profitable storage season just closing will be to prevent so great a decline, since the demand to store will be strengthened. Also acting to keep prices up is the prospective reduction in the hatch, since a light hatch means that a larger share of fall and winter egg consumption must be supplied from storage.

The extent of this reduction in hatch will be an important influence on egg prices next winter and in the spring of 1938. Laying flocks are now below average for this time of year. Such a reduction in the hatch as now seems likely may, therefore, result in relatively high prices in early 1938 when eggs from this crop of pullets will be an important source of supply.

SUPPLEMENTARY DATA

Table 1.- Number of chicks and young chickens per farm flock, June 1, 1926-36

Year	Number	Year	Number
1926	141.7	1932	130.6
1927	143.8	1933	138.7
1928	130.2	1934	124.4
1929	138.3	1935	123.6
1930	145.7	1936	138.0
1931	127.3		

Table 2.- Average feed-egg ratio, October-March 1925-26 to 1935-36

Year	Dozen	Year	Dozen
1925-26	4.59	1931-32	4.36
1926-27	4.54	1932-33	2.92
1927-28	5.10	1933-34	5.14
1928-29	4.83	1934-35	6.42
1929-30	4.70	1935-36	4.83
1930-31	5.71		

Table 3.- United States cold storage stocks of eggs, August 1,1916-36

Year	Shell eggs	Frozen eggs (shell egg equivalent)	Total
	1,000 cases	1,000 cases	1,000 cases
1916	6,060	166	6,226
1917	6,895	440	7,335
1918	6,568	435	7,003
1919	7,850	544	8,394
1920	6,872	573	7,445
1921	7,605	799	8,404
1922	10,161	796	10,957
1923	10,509	1,034	11,543
1924	9,267	1,005	10,272
1925	10,024	1,224	11,248
1926	9,845	1,480	11,325
1927	10,746	2,326	13,072
1928	10,496	2,333	12,829
1929	8,962	2,614	11,576
1930	11,198	3,322	14,520
1931	9,504	3,277	12,781
1932	6,431	2,832	9,263
1933	9,507	3,076	12,583
1934	8,961	3,473	12,434
1935	7,947	3,322	11,269
1936	7,335	3,300	10,635

Copies of "Agricultural Statistics, 1936" Available

A limited number of copies of "Agricultural Statistics, 1936" are still available. This 420-page printed volume contains statistics which cover practically all of the important farm products of the United States. The statistics relate to acreage, production, farm price, farm value, and foreign trade of the principal commodities. Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 50 cents each.

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